

## Message Text

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ORIGIN XMB-04

INFO OCT-01 ARA-06 ISO-00 EB-07 TRSE-00 COME-00 CIAE-00

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XMB:W.W.GLICK  
ARA/EP RWEBER (INFO)

----- 055326

R 110153Z AMY 76  
FM SECSTATE WASHDC  
TO AMEMBASSY LIMA

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E.O. 11652: N/A

TAGS: EFIN, PE

SUBJECT: EXIMBANK AND CUAJONE PROJECT

REF: STATE 104608; STATE 106873; LIMA 4072

1. SEVERAL FACTORS HAVE CAUSED CANCELLATION OF PERU VISIT BY EXIMBANK OFFICIALS (REPORTED IN STATE 104608) AND SUGGESTION TO DELAY DISCUSSION WITH PERUVIAN OFFICIALS CONCERNING EXIMBANK POLITICAL RISK GUARANTEE UNTIL FURTHER PROGRESS ACHIEVED IN CHASE-SPCC NEGOTIATIONS (STATE 106873 PARA 5). IN ADDITION TO EUROPEAN TRIP OF GOP OFFICIALS AND OTHER MATTERS, THE PRESENT STATE OF NEGOTIATIONS BETWEEN CHASE AND SPCC STOCKHOLDERS RAISES QUESTIONS AS TO THE FORM AND THE AMOUNT OF THE GUARANTEE WHICH EXIMBANK WILL BE ASKED (AND BE PREPARED) TO PROVIDE.

2. A SPECIFIC FINANCING PLAN FOR CUAJONE IS EXPECTED TO BE DRAFTED BY MAY 7 OR WEEK OF MAY 9 IN NEGOTIATIONS BETWEEN SPCC STOCKHOLDERS AND CHASE. HOWEVER, SOLUTION CAN ONLY BE ACHIEVED IF STOCKHOLDERS AGREE TO RATHER STRICT CONDITIONS OF BANKS REGARDING COVERAGE OF ANY STILL UNFORESEEN COSTS, LIMITATION OF FUTURE DIVIDENDS, ETC. SATISFACTORY RESOLUTION

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OF TAX CLAIM INCLUDING EXTENDED PAYMENT TERMS FOR AMOUNT (IF ANY) ASSESSED BY COURT WILL ALSO BE A CONDITION TO IMPLEMENTATION OF THE PLAN.

3. ASSUMING SWIFT AGREEMENT ON BASIC PRINCIPLES IS REACHED BETWEEN SPCC AND BANKS, A DECISION ON THE NEED FOR AN EXIMBANK POLITICAL RISK GUARANTEE FOR SOME OR ALL OF ADDITIONAL SPCC DEBT WILL BE MADE QUICKLY AND EMBASSY OF COURSE NOTIFIED. IF GUARANTEE APPEARS NECESSARY AND IF SPCC AND BANKS APPEAR CLOSE TO SOLVING OTHER PROBLEMS, EXIMBANK WILL ADVISE EMBASSY AS TO SPECIFIC FORM OF ASSURANCES IT WILL REQUIRE FROM GOP. HOPEFULLY THE MATTER COULD THEN BE PURSUED WITH GOP SOON AFTER SANTISTEVAN AND OTHERS RETURN FROM EUROPE IN MID-MAY. KISSINGER

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

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**Disposition Date:** 28 MAY 2004  
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